

2015

ANNUAL
REPORT



Performance | Yield | Commitment

Company Particulars	2
Manager's Report	3
Market Value of Top 20 Positions as at 30 June 2015	5
Directors' Report to Shareholders	6
Auditor's Independence Declaration	11
Corporate Governance Statement	12
Statement of Profit or Loss and Other Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19
Directors' Declaration	38
Independent Auditor's Report	39
ASX Additional Information	41

COMPANY PARTICULARS

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS

Karl Siegling
James Chirnside
Wayne Davies
Ronald Hancock

SECRETARY

Wayne Davies (Appointed 10th November 2014)

MANAGER OF THE COMPANY

Cadence Asset Management Pty Limited
ABN: 68 106 551 062

REGISTERED OFFICE

Level 11, 131 Macquarie Street,
Sydney, NSW, 2000

CONTACT DETAILS

Level 11, 131 Macquarie Street,
Sydney, NSW, 2000
Telephone: (02) 8298 2444
Fax: (02) 8298 2499
Email: info@cadencecapital.com.au
Website: www.cadencecapital.com.au

For enquiries regarding net asset backing
(as advised each month to the Australian Securities
Exchange) refer to asx.com.au or call (02) 8298 2444

PRIME BROKER AND CUSTODIANS OF THE COMPANY

Deutsche Bank AG
Winchester House, 1 Great Winchester Street
London EC2N 2DB

The Bank of New York Mellon
160 Queen Victoria Street,
London EC4V 4LA

SHARE REGISTRAR

Boardroom Pty Limited
Mail Address: GPO Box 3993
Sydney, NSW, 2001
Telephone: (02) 9290 9600
Fax: (02) 9279 0664

For all enquiries relating to shareholdings, dividends
(including participation in the Dividend Reinvestment
Plan) and related matters, please contact the share
registrar.

AUDITORS

Moore Stephens Sydney
Level 15, 135 King Street
Sydney NSW, 2000

ASX CODE

Cadence Capital Limited Ordinary Shares (CDM)

COUNTRY OF INCORPORATION

Australia

SUMMARY OF RESULTS

- Net Profit before tax \$24.7 million,
- Net Profit after tax \$19.3 million,
- 5.0c fully-franked final dividend and 1.0c fully-franked special dividend payable on the 29th October 2015,
- Annualised yield of 7.6% fully-franked (10.9% grossed-up) based on the 31st July 2015 share price,
- Fund gross performance of 11.42% outperforming the market by 5.75%,
- Overseas investments contributed strongly to outperformance in 2015.

SHAREHOLDER PERFORMANCE

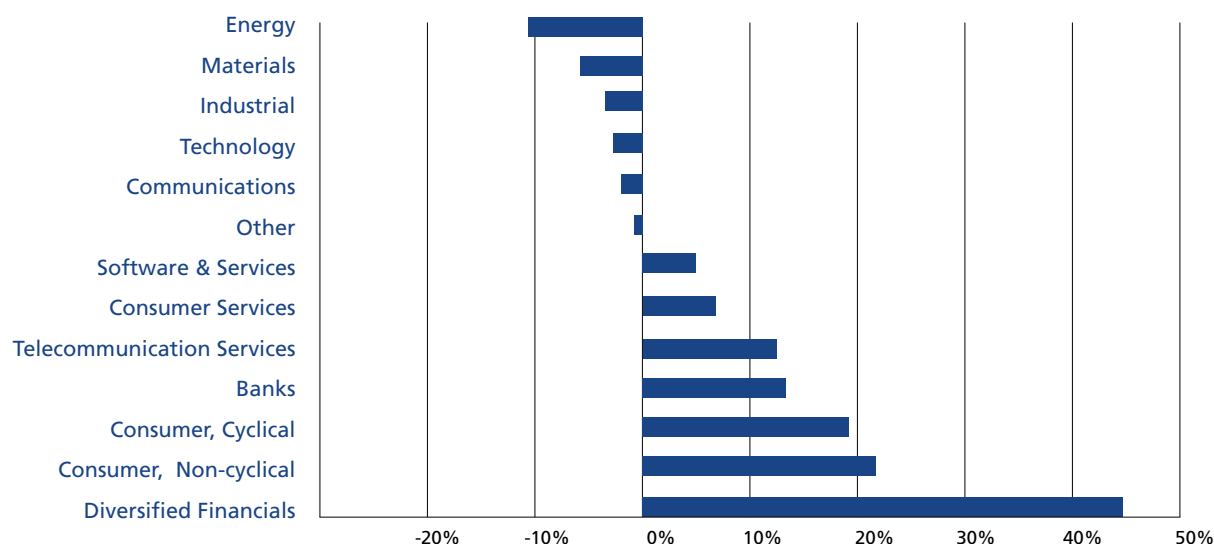
Performance* to 30th June 2015	CDM**	All Ords	Outperformance
1 Month	-2.15%	-5.40%	+3.25%
1 Year	11.42%	5.67%	+5.75%
2 Years	30.27%	24.31%	+5.96%
3 Years	59.14%	50.01%	+9.13%
4 Years	67.87%	39.44%	+28.43%
5 Years	205.54%	56.42%	+149.12%
8 Years	159.83%	21.77%	+138.06%
Since Inception (9.8 years)	415.22%	79.17%	+336.05%
Since Inception Annualised (9.8 years)	18.31%	6.16%	+12.15%

* Before Management and Performance Fees

**These numbers include the franking value of the substantial RHG dividend received in May 2011

For the financial year ended 30 June 2015, Cadence Capital Limited produced a positive gross performance of 11.42% compared to an increase in the All Ordinaries Accumulation Index of 5.67% and an increase in the Small Ordinaries Accumulation Index of 0.44%. We are pleased that since its inception almost 10 years ago Cadence Capital Limited has outperformed the All Ordinaries Accumulation Index by 12.15% per annum. It should also be noted that this outperformance has been achieved with lower than market exposure, with the Company holding on average 24.2% cash since inception.

SECTOR PERFORMANCE (% RETURNS)



The sectors that performed well for the Company during the year were Diversified Financials, Consumer Non-cyclical, Consumer Cyclical and Banks while the sectors that underperformed for the company were Materials and Energy. Stock positions that performed well for the Company in 2015 were Gilead Sciences Inc., Henderson Group Plc., Innet Limited, Luxottica Group SPA, Macquarie Group Limited and Mastercard Inc. Stock positions that underperformed for the Company in 2015 were Arrium Limited, Liquefied Natural Gas Limited and WDS Limited.

SUMMARY AND OUTLOOK

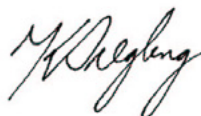
Cadence Capital Limited performed well over what was another difficult and volatile year. We were especially pleased with the performance of the company's overseas investments. Over the past financial year the company's overseas investments significantly outperformed its domestic investments.

We have continued adding to our overseas investments over the past year with the company at year end having more than 38% invested in global listed equities. At year end a further 21% of domestic investments were earning the majority of their income from overseas, creating a portfolio with approximately 59% exposure to overseas earnings. These overseas investments are continuing to benefit from a strong global equities market compared to Australia and a weakening Australian Dollar.

The equities market will continue to provide opportunities in individual companies with specific earnings profiles in specific industries and economies around the globe. The process of trying to guess where the overall market will trade in light of significant macroeconomic events, uncertainty and ambiguity, will continue to be a difficult and risky process. Fortunately this is not how we manage capital.

We remain committed to our investment strategy and we are pleased that this investment strategy has produced good returns for our shareholders and our own investments in the Company.

I would like to take this opportunity to thank our investors for their continued support.



Karl Siegling
Managing Director
Cadence Asset Management Pty Limited

MARKET VALUE OF TOP 20 POSITIONS AS AT 30 JUNE 2015

LONG AND SHORT POSITIONS

LONG POSITIONS	COMPANY NAME	MARKET VALUE	% OF EQUITY
MQG	Macquarie Group Limited	\$ 39,004,764	12.35%
LUX IM	Luxottica Group SPA	\$ 21,223,558	6.72%
HGG	Henderson Group Plc	\$ 20,278,350	6.42%
GILD US	Gilead Sciences Inc	\$ 19,596,886	6.20%
MA US	Mastercard Inc	\$ 17,890,619	5.66%
MLB	Melbourne IT Ltd	\$ 16,676,316	5.28%
BOQ	Bank of Queensland Ltd	\$ 15,628,028	4.95%
NAB	National Australia Bank Ltd	\$ 13,411,006	4.25%
RFG	Retail Food Group	\$ 12,539,863	3.97%
ANZ	Australia & New Zealand Banking Group	\$ 11,197,228	3.55%
IIN	Ilnet Limited	\$ 10,577,672	3.35%
MNK US	Mallinckrodt Plc.	\$ 10,042,935	3.18%
V US	Visa Inc	\$ 9,671,273	3.06%
CBA	Commonwealth Bank of Australia	\$ 7,133,894	2.26%
WBC	Westpac Banking Corp.	\$ 6,748,285	2.14%
AIG US	American International Group	\$ 6,657,662	2.11%
AGN US	Allergan Plc.	\$ 6,437,746	2.04%
C US	Citigroup Inc.	\$ 6,199,896	1.96%
HFR	Highfield Resources Ltd.	\$ 5,309,598	1.68%

SHORT POSITIONS	COMPANY NAME	MARKET VALUE	% OF EQUITY
RIO	Rio Tinto Limited	\$ 6,739,175	2.13%

Total Top 20 Long and Short Positions – Net Exposure %	\$ 249,486,404	79.00%
--	----------------	--------

MARKET VALUE OF TOTAL PORTFOLIO POSITIONS:

Total Portfolio Long Positions	\$ 293,689,355	92.99%
Total Portfolio Short Positions	\$ 13,671,193	4.33%
Total Portfolio Net Exposure	\$ 280,018,162	88.66%

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

The Directors of Cadence Capital Limited ("the Company") submit herewith their report together with the financial report of Cadence Capital Limited for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company was investing primarily in securities listed globally. The Company may take short positions and may also deal in derivatives for hedging purposes. No significant changes in the nature of these activities occurred during the financial year.

OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$24,702,344 (2014: operating profit before tax of \$26,423,066) and an operating profit after tax of \$19,348,194 (2014: operating profit after tax of \$20,085,487).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2015, net investments were valued at \$280,018,162 (2014: \$137,735,570).

FINANCIAL POSITION

The net asset value of the Company for the current financial period ended was \$315,829,479 (2014: \$245,691,848).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In January 2014 the Company issued for free 159,194,579 Options (1 for 1 bonus issue) exercisable at \$1.43 on or before 31st August 2015. During the past financial year 46,461,705 Options were exercised. (2014: 8,121,492 Options were exercised)

DIVIDENDS PAID OR RECOMMENDED

The Board have declared a 5.0 cent per share fully franked final dividend and a 1.0 cent per share fully franked special dividend payable on 29th October 2015. The Ex-Date for the dividend is 20th October 2015.

Dividends paid are as follows:

	\$
Fully franked 2015 interim dividend of 5.0 cents per share was paid on 10 April 2015	11,111,185
Fully franked 2014 final dividend of 5.0 cents per share was paid on 30 September 2014	9,898,166
Fully franked 2014 interim dividend of 5.0 cents per share was paid on 24 April 2014	8,379,173
Fully franked 2013 final dividend of 5.0 cents per share was paid on 30 September 2013	6,027,806

DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report:

Karl Siegling
James Chirnside
Wayne Davies
Ronald Hancock

INFORMATION ON DIRECTORS

Karl Siegling (Chairman and Company Secretary)

Karl Siegling has over 19 years investment experience in the financial sector both in Australia and overseas. He holds a Bachelor of Commerce and a Law degree from the University of Melbourne and an MBA specialising in Finance and Entrepreneurial Endeavours from INSEAD in France. Karl has also completed the Post Graduate Diploma in Finance with the Securities Institute of Australia.

He commenced work in the Financial Services sector in Australia with Deutsche Morgan Grenfell, trading overnight currencies, bonds and bond options on the Sydney Futures Exchange. Then he worked within the Equities Research Division of Deutsche Morgan Grenfell before moving to the Equities Division of Goldman Sachs in London. Upon returning to Australia, Karl was the Managing Director of eFinancial Capital Limited (a subsidiary of Challenger International Limited), which was a private equity fund with Pooled Development Fund status, focused on investing early stage and expansion capital. The fund invested in financial services and Australian internet based technology companies. For two and a half years Karl worked as a consultant for Wilson Asset Management (International) Pty Limited researching stocks for the Wilson group of funds. He is also the managing director of the manager, Cadence Asset Management Pty Limited.

James Chirnside (Non-executive Director)

James Chirnside has been exclusively focused on investment management for thirty years in Sydney, Hong Kong, London, and Melbourne. Mr Chirnside is a Director of Mann Distribution Pty Ltd, a marketing agent for Mannbio Holdings Ltd. Mannbio Holdings is a specialist Biopharma Fund Manager founded in the UK by investor Jim Mellon.

James ran Asia Pacific Asset Management between 2002 and 2012. APAM was an Australian and Asian equities fund, and Fund of Fund manager. From 2000-2001 James worked for Challenger Financial Group in Sydney as a product development manager responsible for hedge fund investments. During the 1990's James managed emerging market hedge funds in Hong Kong and London for Regent Fund Management - now AIM listed Charlemagne Capital. Between 1988 and 1992 James ran a Proprietary trading book for County NatWest Investment Bank, based in London. Here he was primarily focussed on Country Funds and derivative arbitrage strategies. James Chirnside is also a director of WAM Capital Limited, Mercantile Investment Company Ltd, Murchison Metals Ltd and Sandon Capital Opportunities Ltd (formerly Mothercare Australia Ltd).

Ronald Hancock (Non-executive Director)

Ronald Hancock is a fellow of the Institute of Chartered Accountants Australia with extensive experience in the financial services industry. He was the Managing Director of Wide Bay Australia Limited and retired in February 2013. He was a foundation Director and Manager of the Burnett Permanent Building Society formed in 1966, which subsequently merged with other Queensland societies to form Wide Bay Capricorn Building Society Ltd, subsequently Wide Bay Australia Ltd.

Ronald Hancock was a practising Chartered Accountant and continued to practise during the establishment period of the Society. He retired from accountancy in 1994 after 32 years and is also a Director of several private companies.

Wayne Davies (Non-executive Director)

Wayne Davies has over 13 years funds management experience in Equity Long/Short Funds both in Australia and overseas. He is both a member of the South African Institute of Chartered Accountants and the Chartered Institute of Management Accountants. Wayne Davies is a founding member of the Cadence Asset Management team and has been the Chief Operating Officer of Cadence Asset Management for the past 8 years. Wayne Davies worked with Theorema Asset Management in London and still remains a director of Theorema Europe Fund and Theorema Europe Fund Plus.

COMPANY SECRETARY

Wayne Davies held the position of Company Secretary at the end of the financial year.

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

DIRECTORS' MEETINGS

	No. eligible to attend	Attended
Karl Siegling	4	4
James Chirnside	4	4
Wayne Davies	4	4
Ronald Hancock	4	4

AUDIT COMMITTEE MEETINGS

	No. eligible to attend	Attended
Karl Siegling	2	2
James Chirnside	2	2

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Cadence Capital Limited.

(a) Remuneration

There are no executives that are paid by the Company. Cadence Asset Management Pty Limited provides day to day management of the Company and is remunerated as outlined in Note 16 – Related Parties Transactions.

Short-term Employee Benefits - Directors Fees:	2015 \$	2014 \$
James Chirnside	27,397	27,460
Ronald Hancock	27,397	27,460
Wayne Davies	13,699	13,730
Post-employment Benefits - Superannuation	6,507	6,350
	75,000	75,000

(b) Director Related Entities Remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Karl Siegling is the sole Director and a beneficial owner of Cadence Asset Management Pty Limited, the entity appointed to manage the investment portfolio of Cadence Capital Limited. Wayne Davies is also a beneficial owner of Cadence Asset Management Pty Limited. In its capacity as Manager, Cadence Asset Management Pty Limited was paid a management fee of \$3,019,310 (inclusive of GST) (2014: \$2,203,562). This is equivalent to 0.08333% of the value of the portfolio calculated on the last business day of each month. Over a full year, the monthly management fee will be comparable to a fee of 1% of the gross value of the portfolio per annum. As at 30 June 2015, the balance payable to the manager was \$161,957 (inclusive of GST) (2014: \$132,844).

The duties of the manager are to manage the portfolio and to manage and supervise all investments, maintain the corporate and statutory records of the Company, liaise with the ASX with respect to compliance with the ASX listing rules, liaise with ASIC with respect to compliance with the Corporations Act and liaise with the share registrar of the Company.

In addition, Cadence Asset Management Pty Limited is to be paid, annually in arrears, a performance fee, being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the level of the portfolio exceeds this increase, or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

REMUNERATION REPORT (AUDITED) (Continued)

(b) Director Related Entities Remuneration (Continued)

No performance fee is payable in respect of any performance period, where the portfolio has decreased in value over that period. For the year ended 30 June 2015, a performance fee of \$2,778,884 (inclusive of GST) (2014: \$12,800) was payable to Cadence Asset Management Pty Limited. As at 30 June 2015, the balance payable to the manager was \$2,778,884 (inclusive of GST) (2014: \$12,800).

Cadence Asset Management Pty Limited employs accounting personnel to provide accounting services to Cadence Capital Limited. These services are provided on commercial terms and include a standard charge of \$1,375 (inclusive of GST) per month and an additional charge of \$3,500 (inclusive of GST) is charged for preparing the half year and full year financial statements.

(c) Compensation Practices

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently limited to a maximum of \$80,000 per annum between the four directors. Non-Executive Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main board activities and membership of committees. Directors' fees are not linked to the performance of the Company.

(d) Shareholdings

As at the date of this Report, the Company's key management personnel indirectly held the following shares in the Company:

Shareholdings	Balance at 1 July 2014	Acquisitions	Disposals	As at the date of this Report
Karl Siegling	8,792,686	9,154,165	-	17,946,851
Wayne Davies	353,989	312,458	-	666,447
Ronald Hancock	279,860	120,140	-	400,000
James Chirnside	26,851	-	-	26,851
	9,453,386	9,586,763	-	19,040,149

As at the date of this Report, the Company's key management personnel indirectly held the following options in the Company:

Optionholdings	Balance at 1 July 2014	Options Exercised	Options Lapsed	As at the date of this Report
Karl Siegling	8,519,166	8,519,166	-	-
Wayne Davies	344,442	285,000	59,442	-
Ronald Hancock	279,860	120,140	159,720	-
James Chirnside	25,932	-	25,932	-
	9,169,400	8,924,306	245,094	-

End of Remuneration Report.

EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 5.0 cent per share fully franked final dividend and a 1.0 cent per share fully franked special dividend payable on 29th October 2015. The Ex-Date for the dividend is 20th October 2015. Cadence Capital Limited's options expired on 31st August 2015. On the 28th September 2015 the Company announced a placement (Option shortfall) of up to 37.9 million shares.

No other matters or circumstances have arisen since the end of the financial year which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS

The Company will continue to pursue its policy of investment during the next financial year.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the year the Company did pay a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

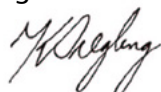
During the year Moore Stephens Sydney, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Moore Stephens Sydney Pty Limited, a related party of the Company's auditor, performed taxation services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 2 to the financial statements.

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 2 did not compromise the external auditor's independence.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 11 of this Annual Report.

Signed in accordance with a resolution of the Board of Directors of the Company:



Karl Siegling
Director

Dated in Sydney, this 30th day of September 2015

MOORE STEPHENS

Level 15, 135 King Street
Sydney NSW 2000

GPO Box 473
Sydney, NSW 2001

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

Auditor's Independence Declaration to the directors of Cadence Capital Limited

As lead auditor for the audit of Cadence Capital Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cadence Capital Limited during the period.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, 30 September 2015

Moore Stephens Sydney ABN 90 773 984 843. An independent member of Moore Stephens International Limited – members in principal cities throughout the world. The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.

A description of the Company's corporate governance practices are set out below. All these practices, unless otherwise stated, were in place the entire year and comply with the 3rd Edition of the Australian Securities Exchange ("ASX") Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ("ASX Principles and Recommendations"). For further information please refer to the company website.

BOARD OF DIRECTORS AND ITS COMMITTEES

Subject at all times to any written guidelines issued by the Board of Directors of Cadence Capital Limited, the day-to-day management and investment of funds is carried out by Cadence Asset Management Pty Limited (the "Manager") pursuant to a management agreement.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for the appointed Manager and monitoring the achievement of these goals. The Board reviews the reports of its Manager on the financial performance of the Company.

The board aims to ensure that all directors and the Manager act with the utmost integrity and objectivity, and endeavours to enhance the reputation of the Company. The board should act in a manner designed to create and build sustainable value for shareholders.

COMPOSITION OF THE BOARD

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report and their term in office are detailed in the Directors' Report. The independent directors of the Company are James Chirnside and Ronald Hancock.

The Board comprises of the Chairman and three other non-executive Directors who consider the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise. The performance of each Director is reviewed by the Chairman periodically. At every annual general meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

The Board is 50% independent. Whilst the Company agrees with the benefits of a majority of independent Directors, it believes that it can better achieve the results of the Company with the current Board's level of expertise and without burdening shareholders with the potentially significant costs associated with adding further independent Directors. The Chairman is not independent. The Company believes that an independent Chairman does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, it adds value to the Company.

An independent director is considered to be a director:

- (a) who is not a member of management;
- (b) who has not within the last three years been employed in an executive capacity by the Company or been a professional adviser or consultant to the Company;
- (c) is not a significant supplier to the Company;
- (d) has no material contractual relationship with the Company other than as a director; and
- (e) is free from any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.

As the Company's operations are primarily conducted through Cadence Asset Management Pty Limited, the Company does not presently have any full time employees and hence the Board considers setting measureable diversity objectives is not appropriate.

Given the size of the Board a nomination committee has not been formed. The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise.

REMUNERATION OF DIRECTORS AND EXECUTIVES

The maximum total remuneration of the Directors of the Company has been set at \$80,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

No separate Remuneration Committee has been established by the Company as the Company does not believe that this adds any value to its Corporate Governance.

The Chairman of Cadence Capital Limited is the sole Director of Cadence Asset Management Pty Limited. Further detail is provided in the Directors' Report and Note 15 of the financial statements.

AUDIT COMMITTEE

The Company has formed an Audit Committee consisting of:

James Chirnside	Chairman
Karl Siegling	Executive Director

The Audit Committee consists of 2 members and is only 50% independent. Whilst the Company agrees with the benefits of a larger Audit Committee and also of it consisting of a majority of independent Directors, due to both the size of the Board and of the Company, it believes that the current Audit Committee has both the level of expertise and independence that it requires.

The Committee's responsibilities are to:

- (a) oversee the existence and maintenance of internal controls and accounting systems;
- (b) oversee the financial reporting process;
- (c) review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- (d) nominate external auditors; and
- (e) review the existing external audit arrangements.

The external audit firm partner responsible for the Company's audit attends Audit Committee meetings by invitation and presents to the Audit Committee twice per year. The Audit Committee formally reports to the Board after each of its meetings.

EXTERNAL AUDITOR

The Company and Audit Committee policy is to appoint an external auditor who clearly demonstrates quality and independence. Moore Stephens Sydney was the external auditor in June 2015. It is Moore Stephens' policy to rotate audit engagement partners on listed companies in accordance with the *Corporations Act 2001*.

The external auditor is requested to attend the AGM and to be available to answer shareholder questions about the conduct of the audit and the preparation of the audit report.

RISK MANAGEMENT POLICY

The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has delegated the responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee.

Risks are identified and assessed by the Company's Board as well as by the Company's auditors. Controls are implemented to deal with risks based on the assessment of:

- the nature and extent of the risk facing the Company;
- the extent and categories of risks which the board considers acceptable to bear;
- the likelihood of the risk materialising;
- the Company's ability to minimize the risk of incident and its resultant impact on the business should a particular risk materialise; and
- the sorts of operating particular controls relative to the benefit obtained by managing the relevant risk.

RISK MANAGEMENT POLICY CONTINUED

The Manager, Cadence Asset Management Pty Ltd, as well as by the Company's auditors will report any instances of control or policy failure or breach to enable the Board to consider whether relevant controls require reassessment, strengthening or improvement and whether the level of monitoring by the board is adequate.

ETHICAL STANDARDS

The Board aims to ensure that all Directors and its Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company.

THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the Annual Report, quarterly webcasts, monthly investment update and asset backing data, monthly estimated NTA's and Half-Year Financial Report lodged with the Australian Securities Exchange.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

BOARD'S POLICY ON DEALING IN SHARES

Subject to them not being in possession of undisclosed price sensitive information, Directors may deal in shares of the Company when appropriate. As Cadence Capital Limited is an investment company announcing its estimated NTA's, exposures and its top holdings on a monthly basis, the Board believes the shareholders are generally fully informed.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right to access all relevant information and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

CONFLICT OF INTEREST

In accordance with the *Corporations Act 2001*, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

**STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2015**

	NOTE	2015 \$	2014 \$
INCOME			
Net realised and unrealised gain on investments		20,910,998	21,733,791
Dividends received		9,515,790	6,889,840
Interest received		2,035,499	1,555,865
Underwriting fees		13,950	10,560
Total Income		32,476,237	30,190,056
EXPENSES			
Finance costs		(683,116)	(117,610)
Management fees		(2,813,448)	(2,053,318)
Performance fees		(2,589,415)	(11,927)
Assignment fees		(228,052)	(87,173)
Directors fees		(75,000)	(75,000)
Dividends on short positions		(212,479)	(162,400)
Stock loan fees		(62,244)	(14,800)
Brokerage expenses on share purchases		(575,514)	(546,234)
ASX fees		(158,926)	(103,462)
Registry fees		(157,704)	(173,517)
Legal fees		(23,334)	(289,396)
Custody fees		(88,474)	(17,106)
Audit and taxation fees	2	(60,850)	(50,119)
Other expenses from ordinary activities		(45,337)	(64,928)
Total Expenses		(7,773,893)	(3,766,990)
Profit before income tax		24,702,344	26,423,066
Income tax expense	3(a)	(5,354,150)	(6,337,579)
Profit attributable to members of the Company	11	19,348,194	20,085,487
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		19,348,194	20,085,487
Basic earnings per share	13	9.5 cents	13.8 cents
Diluted earnings per share	13	9.5 cents	13.7 cents

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	NOTE	2015 \$	2014 \$
ASSETS			
Cash and cash equivalents	12(a)	32,673,014	96,764,733
Trade and other receivables	5	5,279,525	18,891,137
Financial assets	6	293,689,355	145,120,842
Deferred tax asset	3(b)	4,670,150	3,880,442
TOTAL ASSETS		336,312,044	264,657,154
LIABILITIES			
Cash overdrafts	12(a)	2,596	2,938,702
Trade and other payables	7	3,384,369	6,164,358
Financial liabilities	8	13,671,193	7,385,272
Current tax liabilities	3(c)	3,424,407	20,571
Deferred tax liabilities	3(d)	-	2,456,403
TOTAL LIABILITIES		20,482,565	18,965,306
NET ASSETS		315,829,479	245,691,848
EQUITY			
Issued capital	9	302,996,147	231,197,359
Profits reserve	10	22,708,886	18,247,326
Accumulated losses	11	(9,875,554)	(3,752,837)
TOTAL EQUITY		315,829,479	245,691,848

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

		ISSUED CAPITAL	ACCUMULATED LOSSES	PROFITS RESERVE	TOTAL EQUITY
	NOTE	\$	\$	\$	\$
Balance at 1 July 2013		155,566,625	(3,752,837)	12,568,818	164,382,606
Profit for the year	11	-	20,085,487	-	20,085,487
Transfer to profits reserve	10	-	(20,085,487)	20,085,487	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	9(a)	3,496,963	-	-	3,496,963
Shares issued via exercise of options	10	11,613,734	-	-	11,613,734
Shares issued via placements	10	60,520,037	-	-	60,520,037
Dividends paid	4(a)	-	-	(14,406,979)	(14,406,979)
Balance at 30 June 2014		231,197,359	(3,752,837)	18,247,326	245,691,848
Profit for the year	11	-	19,348,194	-	19,348,194
Transfer to profits reserve	10	-	(25,470,911)	25,470,911	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	9(a)	5,358,550	-	-	5,358,550
Shares issued via exercise of options	10	66,440,238	-	-	66,440,238
Dividends paid	4(a)	-	-	(21,009,351)	(21,009,351)
Balance at 30 June 2015		302,996,147	(9,875,554)	22,708,886	315,829,479

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from the sale of investments		540,473,533	191,911,156
Payments for the purchase of investments		(653,026,793)	(227,278,688)
Capital return on investments		-	2,856,802
Dividends received		8,761,126	6,553,450
Interest received		2,035,499	1,608,880
Other income received		13,950	40,530
Management fees paid		(2,784,335)	(2,023,330)
Performance fees paid		(12,800)	(40,538)
Brokerage expenses on share purchases		(575,514)	(546,234)
Interest paid		(683,116)	(117,610)
Dividends paid on shorts		(242,449)	(162,400)
Payments for administration expenses		(707,717)	(753,827)
Income tax paid		(5,196,425)	(5,563,314)
NET CASH USED IN OPERATING ACTIVITIES	12(b)	(111,945,041)	(33,515,123)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(15,650,799)	(10,910,010)
Proceeds from shares issued		66,440,227	71,913,201
NET CASH PROVIDED BY FINANCING ACTIVITIES		50,789,428	61,003,191
NET (DECREASE)/ INCREASE IN CASH HELD		(61,155,613)	27,488,068
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR		93,826,031	66,337,963
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	12(a)	32,670,418	93,826,031

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cadence Capital Limited (“the Company”) is a listed public company, incorporated and domiciled in Australia.

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board (‘AASB’) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (‘IASB’).

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, cash flow information, “held-for-trading” financial assets and certain other financial assets and liabilities, which have been measured at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(j).

ACCOUNTING POLICIES

(a) Investments

i) Classification

Investments consist of shares in publicly listed and unlisted companies and fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost and by presenting the profit or loss on a liquidity basis.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through the profit or loss.

ii) Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Trade date is the date on which the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the profit or loss immediately.

Financial assets are classified and measured at fair value with changes in value being recognised in the profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Investments (Continued)

iii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

iv) Valuation

All investments are classified and measured at fair value, being market value, including the potential tax charges that may arise from the future sale of the investments. These fair value adjustments are recognised in the profit or loss. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

v) Investment income

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

vi) Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss.

vii) Financial Liabilities

Borrowed stock is classified as financial liabilities at fair value through the profit or loss. Realised and unrealised gains and losses arising from changes in fair value are included in the profit or loss in the year in which they arise.

(b) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income Tax (Continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable entity or different taxable entity's which intend to settle simultaneously.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(d) Trade and Other Receivables

Trade and other receivables relate to outstanding settlements as well as accrued income in relation to interest and dividends receivable. Trade receivables are generally due for settlement within 30 days.

(e) Trade and Other Payables

These amounts represent liabilities for outstanding settlements as well as services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(h) Segment Reporting

The Company has only one segment. The Company operates predominately in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its financial assets at fair value through profit or loss, however the Company has foreign exposures as it invests in companies which operate internationally.

(i) Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Income tax

The entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2015. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect of their valuation.

(k) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Profits Reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

(m) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(n) New Accounting Standards and Interpretations not yet mandatory or early adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to adopt any of the new and amended pronouncements. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: Financial Instruments and its associated amending standards.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - Financial Instruments: Recognition and Measurement. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading.

The financial report was authorised for issue on 30 September 2015 by the Board of Directors.

2. AUDITOR'S REMUNERATION

	2015 \$	2014 \$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	38,170	38,695
Other assurance services	4,334	-
Non-audit services		
Other services provided by a related practice of the auditor:		
Taxation services	14,960	14,410
	57,464	53,105

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

3. TAXATION

(a) Current Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2015 \$	2014 \$
Prima facie tax expense on profit from ordinary activities before income tax at 30%	7,410,703	7,927,559
Imputation credit gross up	783,265	596,937
Franked dividends receivable – prior year	323,071	125,943
Franked dividends receivable – current year	(551,369)	(323,071)
Rebates/tax offsets	(2,610,882)	(1,989,790)
Other	(638)	-
	5,354,150	6,337,578

Total income tax expense results in a:

Current tax expense	7,674,405	5,583,885
Movement in deferred tax liabilities	(1,599,995)	625,609
Movement in deferred tax assets	(720,260)	128,084
	5,354,150	6,337,578

(b) Deferred Tax Assets

Provisions	496	6,856
Capitalised share issue costs	421,915	527,143
Fair value adjustments	914,626	13,330
Tax losses	3,333,113	3,333,113
	4,670,150	3,880,442

Movement in deferred tax assets

Balance at the beginning of the period	3,880,442	3,719,668
Credited/(Debited) to the profit or loss	720,260	(128,084)
Movement relating to under/(over) adjustment	69,448	-
Charged to equity	-	288,858
	4,670,150	3,880,442

(c) Current Tax Liabilities

Movement in current tax liabilities

Balance at the beginning of the period	20,571	-
Current year income tax on operating profit	7,674,405	5,583,885
Income tax paid	(5,196,425)	(5,563,314)
Prior year under/(over)	925,856	-
At reporting date	3,424,407	20,571

(d) Deferred Tax Liabilities

Income provisions	-	-
Fair value adjustments	-	2,456,403
	-	2,456,403

Movement in deferred tax liabilities

Balance at the beginning of the period	2,456,403	1,830,794
(Credited)/Debited to the profit or loss	(1,599,995)	625,609
Movement relating to under/(over) adjustment	(856,408)	-
At reporting date	-	2,456,403

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

4. DIVIDENDS

	2015 \$	2014 \$
(a) Dividends paid		
Dividends paid by the Company	21,009,351	14,406,979

2015

Dividends paid by the Company for the year ended 30 June 2015	Cents per share	Date of payment	Tax rate for franking credit	% Franked	Total Amount \$
Interim 2015 Ordinary	5.0	10 April 15	30%	100%	11,111,185
Final 2014 Ordinary	5.0	30 September 14	30%	100%	9,898,166
Total Amount					21,009,351

The Board have declared a 5.0 cent per share fully franked final dividend and a 1.0 cent per share fully franked special dividend payable on 29th October 2015. The Ex-Date for the dividend is 20th October 2015.

2014

Dividends paid by the Company for the year ended 30 June 2014	Cents per share	Date of payment	Tax rate for franking credit	% Franked	Total Amount \$
Interim 2014 Ordinary & special	5.0	24 April 14	30%	100%	8,379,173
Final 2013 Ordinary & special	5.0	30 September 13	30%	100%	6,027,806
Total Amount					14,406,979

(b) Dividend franking account

Balance of franking account at year end adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.

	9,069,012	6,644,852
--	------------------	------------------

Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a) above. The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying tax.

5. TRADE AND OTHER RECEIVABLES

Trade debtors	3,100,293	17,685,063
Income receivable	1,861,537	1,106,873
Sundry debtors	317,695	99,201
	5,279,525	18,891,137

Terms and Conditions

Trade debtors relate to outstanding settlements, are non-interest bearing and are secured by the Australian Securities Exchange – National Guarantee Fund. They are settled within 3 days of the purchase being executed. Income receivable relates to accrued income, it is non-interest bearing and is unsecured.

6. FINANCIAL ASSETS

Long positions - held for trading financial assets:

Investments at fair value	293,689,355	145,120,842
Total financial assets	293,689,355	145,120,842

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

7. TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
Trade creditors	55,342	5,821,778
Sundry creditors - related parties	3,189,097	242,695
Sundry creditors – other	139,930	99,885
	3,384,369	6,164,358

Trade creditors relate to outstanding settlements. They are non-interest bearing and are secured by the Australian Securities Exchange – National Guarantee Fund. They are settled within 3 days of the purchase being executed.

Sundry creditors – other, are settled within the terms of payment offered, which is usually within 30 days.

Sundry creditors – related parties, includes fees payable of \$2,944,341 (inclusive of GST) (2014: \$149,144) to the manager, Cadence Asset Management Pty Limited. Refer to Note 16 for further information on Related Parties.

8. FINANCIAL LIABILITIES

Short positions: Listed investments at fair value - held for trading	13,322,291	7,385,272
Swap positions - held for trading	348,902	-
Total financial liabilities	13,671,193	7,385,272

The Company's Financial Assets and Cash are used as collateral for its Financial Liabilities. Refer to Note 14(b) for further information on Credit Risk.

9. ISSUED CAPITAL

(a) Paid-up Capital

Ordinary shares fully paid	305,130,495	223,331,707
Costs of share issue	(3,049,073)	(3,049,073)
Deferred tax asset on capitalised costs of share issue	914,725	914,725
	302,996,147	231,197,359

2015

Date	Details of the issue	Share Price \$	No. of Shares	Issue Value \$
	Balance at the beginning of the year		173,967,657	233,331,707
July 2014	Exercise of Options	\$1.4300	326,419	466,779
August 2014	Exercise of Options	\$1.4300	5,209,414	7,449,462
September 2014	Exercise of Options	\$1.4300	18,459,823	26,397,547
30 September 2014	DRP	\$1.37049	1,808,346	2,478,320
October 2014	Exercise of Options	\$1.4300	50,100	71,643
November 2014	Exercise of Options	\$1.4300	78,669	112,497
December 2014	Exercise of Options	\$1.4300	9,580	13,699
January 2015	Exercise of Options	\$1.4300	29,495	42,178
February 2015	Exercise of Options	\$1.4300	165,435	236,572
March 2015	Exercise of Options	\$1.4300	22,118,770	31,629,841
April 2015	Exercise of Options	\$1.4300	14,000	20,020
10 April 2015	DRP	\$1.38173	2,084,503	2,880,230
			224,322,211	305,130,495

9. ISSUED CAPITAL (Continued)

(a) Paid-up Capital (Continued)

2014

Date	Details of the issue	Share Price \$	No. of Shares	Issue Value \$
Balance at the beginning of the year			120,556,120	157,026,984
30 September 2013	DRP	\$1.34699	1,182,280	1,592,513
16 December 2013	Placement	\$1.4300	37,767,430	54,007,425
January 2014	Exercise of Options	\$1.4300	34,595	49,471
February 2014	Exercise of Options	\$1.4300	128,451	183,685
March 2014	Exercise of Options	\$1.4300	1,848,356	2,643,149
April 2014	Exercise of Options	\$1.4300	6,066,227	8,674,705
24 April 2014	DRP	\$1.4111	1,349,640	1,904,450
May 2014	Exercise of Options	\$1.4300	32,370	46,289
2 May 2014	DRP Shortfall Placement	\$1.4400	4,990,695	7,186,601
June 2014	Exercise of Options	\$1.4300	11,493	16,435
			173,967,657	233,331,707

As at 30 June 2015 the Company had 109,602,077 Options (ASX Code: CDMO) on issue (2014: 156,062,782 Options). These are one for one Bonus Options that were issued to Shareholders for free on the 20th January 2014 giving Option holders the right to acquire Ordinary Shares in the Company, on or before 31st August 2015, at \$1.43 per Ordinary Share.

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

(b) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There has been no change in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

10. PROFITS RESERVE

	2015 \$	2014 \$
Profits Reserve	22,708,886	18,247,326
Movement in Profits Reserve		
Opening balance	18,247,326	12,568,818
Transfer from retained earnings	25,470,911	20,085,487
Dividends paid (Note 4)	(21,009,351)	(14,406,979)
	22,708,886	18,247,326

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

The Profit Reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

11. ACCUMULATED LOSSES

	2015 \$	2014 \$
Opening balance	(3,752,837)	(3,752,837)
Profit attributable to members of the Company	19,348,194	20,085,487
Transfer to profits reserve	(25,470,911)	(20,085,487)
	(9,875,554)	(3,752,837)

12. CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	32,673,014	96,764,733
Cash overdrafts	(2,596)	(2,938,702)
	32,670,418	93,826,031

The weighted average interest rate for cash and cash equivalents as at June 2015 is 2.12% (June 2014: 2.63%). The Company has Prime Brokerage lending facilities and Custody arrangements with Deutsche Bank AG and Bank of New York Mellon. These facilities are secured by a first charge over the financial assets of the Company.

The Company has granted a charge over all of the Company's right, title and interest in the assets transferred to the Prime Broker. This includes those transferred to the Custodians and sub-custodians in accordance with Prime Brokerage Agreements, and any right which arises after the date of the charges to receive cash or return of property from the parties under the Prime Brokerage Agreement, as security for payments and performance by the Company of all of its obligations to the Primebrokers under the Prime Brokerage Agreement.

(b) Reconciliation of Operating Profit after Income Tax

Operating profit after income tax	19,348,194	20,085,487
Fair value gains on financial assets	(142,282,592)	(42,446,567)

Changes in assets and liabilities:

Decrease/(Increase) in receivables	13,611,621	(17,365,988)
Decrease/(Increase) in deferred tax assets	(789,708)	128,084
Increase/(Decrease) in trade and other payables	(2,779,989)	5,437,681
Increase/(Decrease) in deferred tax liabilities	(2,456,403)	625,609
Increase in current tax liabilities	3,403,836	20,571
Net cash used in Operating Activities	(111,945,041)	(33,515,123)

12. CASH FLOW INFORMATION (Continued)

(c) Non-cash Financing Activities

During the financial year the Company issued the following shares through its Dividend Reinvestment Plan:

- 1,808,337 shares at \$1.37049 on 30 September 2014
- 2,084,503 shares at \$1.38174 on 10 April 2015

During the previous financial year the Company issued the following shares through its Dividend Reinvestment Plan:

- 1,182,280 shares at \$1.34699 on 30 September 2013
- 1,349,640 shares at \$1.41110 on 24 April 2014

13. EARNINGS PER SHARE

	2015 \$	2014 \$
Profit after income tax used in the calculation of earnings per share	19,348,194	20,085,487
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	202,656,107	145,779,738
Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	203,648,089	146,904,744
Reconciliation of weighted average number of shares:		
Weighted average number of ordinary shares used in calculation of basic earnings per share	202,656,107	145,779,738
Add:		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	991,982	1,125,006
Weighted average number of shares used in the calculation of diluted earnings per share	203,648,089	146,904,744

14. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Company's financial instruments consist of money market instruments, short and long term investments, accounts receivable and payable.

(i) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and market risk.

(a) Terms, Conditions and Accounting Policies

The Company's accounting policies are included in Note 1, while the terms and conditions including interest rate risk of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date are included under the appropriate note for that instrument.

14. FINANCIAL RISK MANAGEMENT (Continued)

(i) Financial Risk Exposures and Management (Continued)

(b) Credit Risk

The Company takes on exposure to credit risk, which is the risk that a counterparty (prime broker, custodian, sub-custodian and broker) will be unable to pay amounts in full when due. The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

All transactions in listed securities are settled /paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

There are risks involved in dealing with custodians or prime brokers who settle trades. Under certain circumstances, including certain transactions where the Company's assets are pledged as collateral for leverage from a prime broker/custodian, or where the Company's assets are held at a prime broker, custodian or sub-custodian, the securities and assets deposited with the prime broker/custodian may be exposed to a credit risk with regards to such parties. In addition, there may be practical or timing problems associated with enforcing the Company's rights to its assets in case of an insolvency of any such party.

The Company maintains Prime Brokerage lending facilities and custody accounts with its prime broker and custodian Deutsche Bank AG and Bank of New York Mellon. There is no guarantee that these or any sub-custodian that Deutsche Bank AG may use or any other prime broker or custodian that the Company may use from time to time, will not become insolvent. In the event of an insolvency or liquidation of a prime broker/custodian that has custody of the Company's assets, there is no certainty that the Company would not incur losses due to its assets being unavailable for a period of time or ultimately less than full recovery of its assets, or both. As substantially all of the Company's assets may be held by a prime broker, custodian or sub-custodian and in some cases a major Australian bank, such losses could be significant and materially impair the ability of the Company to achieve its investment objective.

Any cash held by Deutsche Bank is not treated as client money, but rather held as collateral and is not subject to the client monies protections conferred by the Financial Conduct Authority rules relating to client money. As a consequence, the Company's money is held by the Prime Broker as banker and not as a trustee or agent and the Prime Broker will not be required to place the Fund's money in a segregated client account, and the Company will therefore rank equally with Deutsche Bank's other account holders in relation thereto.

(c) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the management company. The Company's inward cash flows depend upon the level of sales of securities, dividends, interest received and any exercise of options that may be on issue.

The Company monitors its cashflow requirements daily by reference to known transactions to be paid or received. The Company may hold a portion of its portfolio in cash and short-term fixed interest securities sufficient to ensure that it has cash available to meet all payments. Alternatively, the Company can increase its level of sales of the readily tradeable securities it holds to increase cash inflows or it can use its lending facility with its Prime Broker.

(d) Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. By its nature, as an investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Company can seek to reduce market risk by not being overly exposed to one company or one particular sector of the market. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

14. FINANCIAL RISK MANAGEMENT (Continued)

(i) Financial Risk Exposures and Management (Continued)

(e) Foreign Currency Risk

The Company undertakes certain transactions and holds assets and liabilities denominated in currencies other than Australian Dollar (AUD), the reporting currency of the Company. The Company is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The following table summarises the net amount of assets and liabilities which are denominated in currencies that the Company is significantly exposed to:

	2015 \$	2014 \$
United States Dollar:		
Cash and cash equivalents	2,855,771	
Financial Assets	82,678,332	2,977,265
Cash overdraft	-	(2,938,707)
Financial Liabilities	(348,902)	-
Net Denominated Net Assets	85,185,201	38,558
AUD/USD Exchange Rate: \$0.7707 (2014:\$0.9420)		
Euro:		
Cash and cash equivalents	353,334	-
Financial Assets	21,223,558	-
Net Denominated Net Assets	21,576,892	-
AUD/EURO Exchange Rate: \$0.6914 (2014:N/A)		
British Pound Sterling:		
Cash and cash equivalents	24,779	-
Net Denominated Net Assets	24,779	-
AUD/GBP Exchange Rate: \$0.4905 (2014:N/A)		
Canadian Dollar:		
Financial Assets	2,272,169	-
Cash overdraft	(2,596)	-
Net Denominated Net Assets	2,269,573	-
AUD/CAD Exchange Rate: \$0.9629 (2014:N/A)		

(f) Interest Rate Risk

Any excess cash and cash equivalents of the Company are invested at short-term market interest rates. Floating rate instruments expose the Company to cash flow risk, whereas short term fixed rate instruments expose the Company to interest rate risk. Excess cash and cash equivalent balances are monitored closely and can be moved into short-term bank bills or fixed term deposits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

14. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as the Company's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

2015	Weighted Average Interest Rate	Interest bearing		Non-interest bearing \$	Total \$
		Less than 90 days \$	More than 1 year \$		
Assets					
Financial assets	-	-	-	293,689,355	293,689,355
Cash and cash equivalents	2.12%	32,673,014	-	-	32,673,014
Other receivables	-	-	-	5,279,525	5,279,525
Total assets		32,673,014	-	298,968,880	331,641,894
Liabilities					
Financial liabilities	-	-	-	13,671,193	13,671,193
Cash overdrafts	1.59%	2,596	-	-	2,596
Balances due to brokers	-	-	-	55,342	55,342
Other payables	-	-	-	3,329,027	3,329,027
Total liabilities		2,596	-	17,055,562	17,058,158

2014	Weighted Average Interest Rate	Interest bearing		Non-interest bearing \$	Total \$
		Less than 90 days \$	More than 1 year \$		
Assets					
Financial assets	-	-	-	145,120,842	145,120,842
Cash and cash equivalents	2.63%	96,764,733	-	-	96,764,733
Other receivables	-	-	-	18,891,137	18,891,137
Total assets		96,764,733	-	164,011,979	260,776,712
Liabilities					
Financial liabilities	-	-	-	7,385,272	7,385,272
Cash overdrafts	0.76%	2,938,702	-	-	2,938,702
Balances due to brokers	-	-	-	5,821,778	5,821,778
Other payables	-	-	-	342,580	342,580
Total liabilities		2,938,702	-	13,549,630	16,488,332

14. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Financial instrument composition and maturity analysis (Continued)

Other payables are expected to be paid as follows:

	2015 \$	2014 \$
- Less than 6 months	3,329,027	342,580
- 6 months to one year	-	-

(iii) Financial Instruments Measured at Fair Value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Investments included in Level 2 of the hierarchy include amounts in relation to Initial Public Offerings and Placements in which the Company has subscribed to during the year. These investments have not listed on the Australian Securities Exchange as at 30 June 2015 and therefore represent investments in an inactive market. In valuing unlisted investments, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the quoted subscription price and the amount of securities subscribed for by the Company under the relevant offers.

30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	293,195,255	494,100	-	293,689,355
Financial liabilities	(13,671,193)	-	-	(13,671,193)
Total	279,524,062	494,100	-	280,018,162

30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	143,904,942	1,215,900	-	145,120,842
Financial liabilities	(7,385,272)	-	-	(7,385,272)
Total	136,519,670	1,215,900	-	137,735,570

14. FINANCIAL RISK MANAGEMENT (Continued)

(iv) Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk, and market risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period. The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
Change in profit before tax		
- Increase in interest rate by 1%	578,804	527,830
- Decrease in interest rate by 1%	(578,804)	(527,830)
Change in equity		
- Increase in interest rate by 1%	578,804	527,830
- Decrease in interest rate by 1%	(578,804)	(527,830)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the foreign currency risk, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
Change in profit before tax		
- Depreciation of the AUD by 2%	2,145,691	771
- Appreciation of the AUD by 2%	(2,145,691)	(771)
Change in equity		
- Depreciation of the AUD by 2%	2,145,691	771
- Appreciation of the AUD by 2%	(2,145,691)	(771)

14. FINANCIAL RISK MANAGEMENT (Continued)

(iv) Sensitivity Analysis (Continued)

Market Risk Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the market risk, with all other variables remaining constant would be as follows:

	2015 \$	2014 \$
Change in profit before tax		
- Increase in market price by 2%	5,607,341	2,754,980
- Decrease in market price by 2%	(5,607,341)	(2,754,980)
Change in equity		
- Increase in market price by 2%	5,607,341	2,754,980
- Decrease in market price by 2%	(5,607,341)	(2,754,980)

15. KEY MANAGEMENT PERSONNEL COMPENSATION

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

Karl Siegling	Chairman and Company Secretary
Wayne Davies	Non-Executive Director
Ronald Hancock	Non-Executive Director
James Chirnside	Non-Executive Director

(a) Remuneration

There are no executives that are paid by the Company. Cadence Asset Management Pty Limited, the investment manager of the Company, remunerates Karl Siegling as a consultant and as a director of the Company. The manager also provides day to day management of the Company and is remunerated as outlined in Note 16 – Related Party Transactions.

	2015 \$	2014 \$
Short-term Employee Benefits - Directors' Fees	68,493	68,650
Post-employment Benefits - Superannuation	6,507	6,350
	75,000	75,000

(b) Compensation Practices

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently limited to a maximum of \$80,000 per annum between the three Directors. Non-Executive Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main board activities and membership of committees. Directors' fees are not linked to the performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 Contd'

15. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

(c) Shareholdings

As at 30 June 2015, the Company's key management personnel indirectly held the following shares in the Company:

	Balance at 1 July 2014	Acquisitions	Disposals	Balance at 30 June 2015
Karl Siegling	8,792,686	1,040,499	-	9,833,185
Wayne Davies	353,989	62,458	-	416,447
Ronald Hancock	279,860	-	-	279,860
James Chirside	26,851	-	-	26,851
	9,453,386	1,102,957	-	10,556,343

As at 30 June 2015, the Company's key management personnel indirectly held the following options in the Company:

	Balance at 1 July 2014	Acquisitions	Options Exercised	Balance at 30 June 2015
Karl Siegling	8,519,166	-	405,500	8,113,666
Wayne Davies	344,442	-	35,000	309,442
Ronald Hancock	279,860	-	-	279,860
James Chirside	25,932	-	-	25,932
	9,169,400	-	440,500	8,728,900

As at 30 June 2014, the Company's key management personnel indirectly held the following shares in the Company:

	Balance at 1 July 2013	Acquisitions	Disposals	Balance at 30 June 2014
Karl Siegling	7,714,655	1,078,031	-	8,792,686
Wayne Davies	259,798	94,191	-	353,989
Ronald Hancock	139,860	140,000	-	279,860
James Chirside	25,932	919	-	26,851
	8,140,245	1,313,141	-	9,453,386

As at 30 June 2014, the Company's key management personnel indirectly held the following options in the Company:

	Balance at 1 July 2013	Issued	Options Exercised	Balance at 30 June 2014
Karl Siegling	-	8,519,166	-	8,519,166
Wayne Davies	-	344,442	-	344,442
Ronald Hancock	-	279,860	-	279,860
James Chirside	-	25,932	-	25,932
	-	9,169,400	-	9,169,400

Directors and Director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

16. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions.

Karl Siegling is the sole Director and a beneficial owner of Cadence Asset Management Pty Limited, the entity appointed to manage the investment portfolio of Cadence Capital Limited. Wayne Davies is also a beneficial owner of Cadence Asset Management Pty Limited. In its capacity as Manager, Cadence Asset Management Pty Limited was paid a management fee of \$3,019,310 (inclusive of GST) (2014: \$2,203,562). This is equivalent to 0.08333% of the value of the portfolio calculated on the last business day of each month. Over a full year, the monthly management fee will be comparable to a fee of 1% of the gross value of the portfolio per annum. As at 30 June 2015, the balance payable to the manager was \$161,957 (inclusive of GST) (2014: \$132,844).

The duties of the manager are to manage the portfolio and to manage and supervise all investments, maintain the corporate and statutory records of the Company, liaise with the ASX with respect to compliance with the ASX listing rules, liaise with ASIC with respect to compliance with the Corporations Act and liaise with the share registrar of the Company.

In addition, Cadence Asset Management Pty Limited is to be paid, annually in arrears, a performance fee, being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the level of the portfolio exceeds this increase, or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period, where the portfolio has decreased in value over that period. For the year ended 30 June 2015, a performance fee of \$2,778,884 (inclusive of GST) (2014: \$12,800) was payable to Cadence Asset Management Pty Limited. As at 30 June 2015, the balance payable to the manager was \$2,778,884 (inclusive of GST) (2014: \$12,800).

Cadence Asset Management Pty Limited employs accounting personnel to provide accounting services to Cadence Capital Limited. These services are provided on commercial terms and include a standard charge of \$1,375 (inclusive of GST) per month and an additional charge of \$3,500 (inclusive of GST) is charged for preparing the half year and full year financial statements.

17. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 5.0 cent per share fully franked final dividend and a 1.0 cent per share fully franked special dividend payable on 29th October 2015. The Ex-Date for the dividend is 20th October 2015.

Cadence Capital Limited's options expired on 31st August 2015. On the 28th September 2015 the Company announced a placement (Option shortfall) of up to 37.9 million shares.

Other than the above there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

18. CONTINGENT LIABILITIES

There were no material contingencies as at 30 June 2015 (2014: nil).

19. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before 30 June 2015, which settle after year end.

2015 \$	2014 \$
930,776	2,553,000

DIRECTORS' DECLARATION

The Directors of Cadence Capital Limited declare that:

1. The financial statements and notes set out on pages 15 to 37 and the additional disclosures included in the Directors' Report designated as Remuneration Report, set out on pages 8 to 9, of the Company are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) giving a true and fair view of the financial position of the Company as at 30 June 2015 and of its performance for the year ended on that date;
2. The Directors have been given declaration required by section 295A of the *Corporations Act 2001* from the Manager, Cadence Asset Management Pty Limited declaring that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Karl Siegling
Director

Dated in Sydney, this 30th day of September 2015

MOORE STEPHENS

Level 15, 135 King Street
Sydney NSW 2000

GPO Box 473
Sydney, NSW 2001

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

**Independent Auditor's Report
to the Members of Cadence Capital Limited
A.B.N 17 112 870 096**

Report on the Financial Report

We have audited the accompanying financial report of Cadence Capital Limited (the "Company"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Moore Stephens Sydney ABN 90 773 984 843. An independent member of Moore Stephens International Limited – members in principal cities throughout the world. The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.

Auditor's Opinion

In our opinion:

- a) the financial report of Cadence Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Cadence Capital Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, 30 September 2015

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders (as at 31 August 2015)

The following shareholder's have advised that they are a substantial shareholder of Cadence Capital Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders as at ex-date	No. of shares	% of total
Esselmont Pty Ltd & associated entities	17,946,851	7.180
Yarandi Investments Pty Ltd & associated entities	14,740,038	5.897

Distribution of holdings (as at 31 August 2015)	No. of Shareholders
Category	
1 – 1,000	243
1,001 – 5,000	987
5,001 – 10,000	1,341
10,001 – 100,000	3,985
100,001 and over	342
	6,898

The number of shareholdings held in less than marketable parcels is 100.

Twenty largest shareholders - Ordinary shares (as at 31 August 2015)

Name	Number of ordinary shares held	Percentage of issued capital held
Esselmont Pty Ltd and associates	17,946,851	7.180
Yarandi Investments Pty Ltd & associated entities	14,740,038	5.897
Mr Victor John Plummer	3,000,000	1.200
Mr David Teoh	2,481,034	0.993
Avanteos Investments Limited <Clearview S/P A/C>	1,961,352	0.785
UBS Wealth Management Australia Nominees Pty Ltd	1,824,286	0.730
Smaller Holdings Pty Limited	1,200,000	0.480
Mr Mark J. Toye & Mr Stephen W. Toye <SWT Super Fund> A/C>	1,192,453	0.477
Golden Words Pty Ltd	1,099,650	0.440
Southern Steel Investments Pty Limited	979,910	0.392
Mr Aengus Kavanagh & Mr Matthew Mahoney <Patrician Brothers> A/C>	863,531	0.345
Mr Cameron McFarlane <McFarlane Super Fund A/C>	860,000	0.344
HSBC Custody Nominees (Australia) Limited	816,086	0.326
Mr Keith William Kerridge	725,330	0.290
Mr Richard Tooher	704,268	0.282
Golden Words Pty Ltd	699,301	0.280
Mr Aaron Francis Quirk	691,123	0.276
Robinson Page Management Pty Ltd <Beggs-Page Super Fund > A/C>	675,999	0.270
Pershing Australia Nominees Pty Ltd <Accum A/C>	647,462	0.259
Richjeca Pty Ltd <Richjeca A/C>	645,226	0.258
	53,753,900	21.504

STOCK EXCHANGE LISTING

Quotation has been granted for all of the ordinary shares of the Company on all Member Exchanges of the ASX Limited.

Level 11, 131 Macquarie Street,
Sydney, NSW, 2000
Telephone: (02) 8298 2444
Fax: (02) 8298 2499
Email: info@cadencecapital.com.au
Website: www.cadencecapital.com.au



Performance | Yield | Commitment